GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:468
ANSWERED ON:19.04.2001
ONGC LOSS MAKING ENTITY
NEDURUMALLI JANARDHANA REDDY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether attention of the Government has been drawn to the press news-item captioned `ONGC may become loss making entity ` appearing in the Statesman dated March 23, 2001;

(b) if so, whether according to a study commissioned by the Government it has been revealed that ONGC is likely to become a loss making entity in the next few years;

(c) if so, whether the Government propose to bring radical changes in the organizational structure to save ONGC from loss; and

(d) if so, the details thereof?

Answer

MINISTER FOR PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 468 to be answered on 19.4.2001 regarding `ONGC Loss Making Entity`

(a) Yes, Sir.

(b) Government have not initiated any study of Oil and Natural Gas Corporation Ltd. (ONGC). However, ONGC had, in March, 1997, initiated a project for restructuring of the Corporation in consultation with M/s McKinsey and Company Incorporated, international management Consultants.

The Consultants had submitted their recommendations on `Organization Transformation Project (OTP)` of ONGC to its management. The Consultants, on their own, had written to Government later about the need to expedite implementation of OTP and incidentally mentioned that with the present organisational structure, the profitability of ONGC may get eroded within a period of 3 to 5 years due to rising costs of operations and declining production and reserves.

(c) & (d) Being a Navratna company, ONGC enjoys substantial autonomy in its operations. While some of the recommendations of the Consultants are already under various stages of implementation, the rest are receiving attention of the management of ONGC. At present, Government have no proposal under consideration for any change in the organisational structure of ONGC. However, the process of review by the Government of the performance of Public Sector Undertakings, like ONGC, is a continuous one.